

# Georgia State Life Insurance Agent Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## 1. Start with a Diagnostic Review

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## 2. Study in Short, Focused Sessions

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## 3. Learn from the Explanations

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## 4. Track Your Progress

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## 5. Simulate the Real Exam

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## 6. Repeat and Review

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## **Questions**

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- 1. In a joint life policy, what is true about the premium payment?**
  - A. It is typically lower than individual whole life premiums**
  - B. Each insured pays their own premium**
  - C. It can be adjusted annually**
  - D. Premiums are based on the age of the older insured**
- 2. Which annuity payout option provides the highest periodic income?**
  - A. Life income**
  - B. Joint and survivor**
  - C. Period certain**
  - D. Refund life**
- 3. Who are secondary beneficiaries in a life insurance policy?**
  - A. Individuals who receive benefits if the primary beneficiary is deceased**
  - B. Immediate family members entitled to a share of benefits**
  - C. Insurers who have financial claims on the policy**
  - D. The policyholder's financial advisor**
- 4. Who can be classified as a licensed professional in the insurance field?**
  - A. Only brokers working for multiple companies**
  - B. Only adjusters who assess insurance claims**
  - C. Both agents and brokers who sell insurance products**
  - D. Only underwriters who evaluate risk**
- 5. Settlement option paying a chosen dollar amount until funds (plus interest) are exhausted:**
  - A. Fixed Period**
  - B. Fixed Amount**
  - C. Interest Only**
  - D. Life Income**

**6. What does the term "initial premium payment" refer to in life insurance?**

- A. The standard monthly payment required to keep the policy active**
- B. The first payment made when the policy is issued**
- C. The annual fee for the insurance policy renewal**
- D. The final payment required to close the policy**

**7. Which dividend option leaves dividends with the insurer to earn interest?**

- A. Accumulate at Interest**
- B. One-Year Term**
- C. Paid-Up Additions**
- D. Cash**

**8. The incontestability clause in Georgia life insurance policies prevents the insurer from:**

- A. Canceling the policy due to age misstatement**
- B. Denying a claim after the policy has been in force for two years**
- C. Increasing premiums after the first year**
- D. Changing beneficiaries**

**9. What is the tax implication of receiving a cash value from a life insurance policy when it exceeds the total premiums paid?**

- A. Capital gain taxed at a higher rate**
- B. Taxable as ordinary income**
- C. Not taxable at all**
- D. Partially taxable**

**10. What are "exemptions" in a life insurance policy?**

- A. Specific situations that allow for a payout**
- B. Specific situations that do not allow for a payout**
- C. Situations that lead to increased premiums**
- D. Situations considered as fraud**

## **Answers**

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1. A
2. A
3. A
4. C
5. B
6. B
7. A
8. B
9. B
10. B

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## **Explanations**

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**1. In a joint life policy, what is true about the premium payment?**

- A. It is typically lower than individual whole life premiums**
- B. Each insured pays their own premium**
- C. It can be adjusted annually**
- D. Premiums are based on the age of the older insured**

A joint life policy covers two individuals under one insurance plan, combining their risks into a single policy. Typically, the premium for a joint life policy is lower than the total of two individual whole life premiums for several reasons. The risk assessment for joint life policies often creates a more favorable rate due to economies of scale. The insurer is able to spread the risk across two lives, potentially resulting in lower rates because they are factoring in the likelihood of a payout based on the combined life expectancy of both insured individuals. This is why the premium for a joint life policy is usually lower than the sum of two individual policies. In contrast, each insured paying their own premium would imply separate policies, which wouldn't reflect the characteristics of a joint life policy. Adjusting premiums annually is also unlikely, as these policies generally have level premiums for the life of the policy unless otherwise noted. Premiums based on the age of the older insured provides a basis for pricing but does not necessarily mean that the joint life policy premium is lower than individual premiums.

**2. Which annuity payout option provides the highest periodic income?**

- A. Life income**
- B. Joint and survivor**
- C. Period certain**
- D. Refund life**

The life income payout option provides the highest periodic income because it guarantees payments for the lifetime of the annuitant, regardless of how long they live. This option effectively minimizes the risk of outliving one's resources, as the annuitant receives a steady income stream as long as they are alive. In contrast, other payout options tend to provide lower periodic payments due to different risk-sharing structures. The joint and survivor option pays out during the lifetimes of both annuitants, often resulting in reduced payments since the income must be distributed over two lives. The period certain option guarantees payments for a specified period, but if the annuitant dies before the period ends, the payments stop or go to beneficiaries, reducing the income level. The refund life option includes a provision to return a certain amount to beneficiaries if the total payouts do not equal the original investment, which can also lead to lower periodic payments during the annuitant's lifetime. Therefore, the life income option stands out by maximizing cash flow for the individual receiving the annuity, making it the choice that provides the highest periodic income.

### 3. Who are secondary beneficiaries in a life insurance policy?

**A. Individuals who receive benefits if the primary beneficiary is deceased**

**B. Immediate family members entitled to a share of benefits**

**C. Insurers who have financial claims on the policy**

**D. The policyholder's financial advisor**

Secondary beneficiaries in a life insurance policy are individuals designated to receive the death benefit in the event that the primary beneficiary is no longer alive at the time of the insured's death. This ensures that the policyholder can have a clear succession plan for the distribution of benefits. By naming secondary beneficiaries, the policyholder ensures that their intended beneficiaries still receive the policy benefits, even if the first choice is unable to accept them. This serves as a contingency plan, providing peace of mind that loved ones will be supported financially, even under unforeseen circumstances. This understanding highlights the importance of carefully selecting both primary and secondary beneficiaries during the policy setup to ensure the insured's wishes are honored effectively.

### 4. Who can be classified as a licensed professional in the insurance field?

**A. Only brokers working for multiple companies**

**B. Only adjusters who assess insurance claims**

**C. Both agents and brokers who sell insurance products**

**D. Only underwriters who evaluate risk**

In the insurance field, individuals who engage in the sale and distribution of insurance products must be licensed professionals to ensure they are knowledgeable and comply with regulations. Both agents and brokers fit this description. Agents are representatives of insurance companies and work to sell their products directly to consumers. They are trained to understand the specifics of the policies they offer and are required to uphold the standards set by state regulations. Brokers, on the other hand, represent clients rather than insurance companies and can shop around among various providers to find the best coverage options for those clients. Like agents, brokers must also be licensed to operate, ensuring they possess the necessary expertise to guide consumers in making informed decisions about their insurance needs. Thus, the classification of both agents and brokers as licensed professionals is appropriate, as they fulfill essential roles in the distribution of insurance products and are accountable to regulatory standards.

**5. Settlement option paying a chosen dollar amount until funds (plus interest) are exhausted:**

- A. Fixed Period**
- B. Fixed Amount**
- C. Interest Only**
- D. Life Income**

The correct answer refers to a settlement option that provides a specific dollar amount to the policyholder or beneficiary until the funds, along with any accrued interest, are fully depleted. This option allows the recipient to receive regular payments of a predetermined amount, giving them control over how long the funds will last based on their withdrawal rate. In this option, emphasis is placed on how the insured or beneficiary receives the payments, making it a preferable choice for individuals who wish to budget their funds over a specific period while ensuring they receive a consistent income. The payments will continue until both the principal amount and the interest are completely exhausted, which provides a transparent and predictable financial arrangement. Other settlement options may offer different mechanisms or considerations, such as the fixed period option, which pays out over a defined timeframe regardless of the balance. The interest-only option involves receiving only the earned interest on a principal amount, and the life income option guarantees payments for the lifetime of the insured or beneficiary but does not focus on the withdrawal of a fixed dollar amount that can be managed. The fixed amount option stands out by ensuring that the recipient can withdraw a specific dollar amount, thus allowing for tailored financial planning.

**6. What does the term "initial premium payment" refer to in life insurance?**

- A. The standard monthly payment required to keep the policy active**
- B. The first payment made when the policy is issued**
- C. The annual fee for the insurance policy renewal**
- D. The final payment required to close the policy**

The term "initial premium payment" in life insurance specifically refers to the first payment made when the policy is issued. This payment is crucial because it signifies the start of the insurance coverage; without this payment, the policy will not become active, and the insured will not be eligible for benefits under the policy terms. The initial premium typically needs to be made at the time of application or shortly after the policy is approved to avoid any lapse in coverage. Other payments, such as renewal fees or monthly installments, are relevant to policy maintenance but do not classify as the initial premium payment. The initial premium may also differ from standard monthly payments or annual renewal fees, which are ongoing costs to keep the insurance coverage in force. Understanding this distinction is essential for managing a life insurance policy effectively.

**7. Which dividend option leaves dividends with the insurer to earn interest?**

**A. Accumulate at Interest**

**B. One-Year Term**

**C. Paid-Up Additions**

**D. Cash**

The option that allows dividends to remain with the insurer to earn interest is known as "Accumulate at Interest." When a policyholder opts for this option, the insurer retains the dividends and invests them, subsequently paying interest on the accumulated amount. This approach can benefit the policyholder since the policyholder can grow their dividends over time, as they earn interest. In this case, the retained dividends can compound, potentially leading to a larger sum than if the policyholder had taken the dividends as cash upfront. This option is particularly appealing to those who do not immediately need the cash benefit and prefer to enhance their policy's value through interest accumulation. The other options serve different purposes. For instance, "One-Year Term" utilizes the dividends to purchase a one-year term insurance policy, providing temporary additional coverage rather than allowing dividends to grow. "Paid-Up Additions" uses dividends to purchase small additional amounts of paid-up insurance, which also does not involve leaving funds with the insurer for interest. Lastly, "Cash" provides the dividends directly to the policyholder, eliminating any opportunity for earning interest on the accumulated amount.

**8. The incontestability clause in Georgia life insurance policies prevents the insurer from:**

**A. Canceling the policy due to age misstatement**

**B. Denying a claim after the policy has been in force for two years**

**C. Increasing premiums after the first year**

**D. Changing beneficiaries**

The incontestability clause is a crucial provision in life insurance policies that typically specifies that after a policy has been in effect for a certain period, usually two years, the insurer cannot contest the validity of the policy or deny a claim based on misstatements made in the application. This means that once the two-year period has lapsed, the insurer is generally bound to honor the policy, even if they later find that there were inaccuracies or omissions in the information provided at the time of application. This clause is designed to provide stability and assurance to policyholders, helping them to feel secure in their coverage without fear of unjust denial of claims due to initial application errors after the stated period. By preventing the insurer from denying a claim after this timeframe, it encourages insurers to conduct due diligence before issuing a policy and provides a safety net for policyholders. In contrast, other options involve scenarios that are not covered by the incontestability clause. For instance, policies can still be canceled for reasons such as misrepresentation about age, premiums can be adjusted based on underwriting criteria during or after the initial period, and beneficiaries can generally be changed by the policyholder without restriction. These elements play different roles and are governed by different insurance rules and regulations outside the scope of

**9. What is the tax implication of receiving a cash value from a life insurance policy when it exceeds the total premiums paid?**

- A. Capital gain taxed at a higher rate**
- B. Taxable as ordinary income**
- C. Not taxable at all**
- D. Partially taxable**

When a policyholder receives a cash value from a life insurance policy that exceeds the total premiums paid, the amount in excess of those premiums is considered taxable as ordinary income. This is due to the Internal Revenue Code, which states that the gain (the amount received minus the total premiums paid) is subject to income tax. The rationale behind this is based on the treatment of life insurance policies under tax law. Premiums paid into a life insurance policy are made with after-tax dollars, and the cash value reflects a savings component in addition to the death benefit. When the cash value is withdrawn, the IRS mandates that any gain, representing the growth of that cash value beyond what the policyholder has contributed, be taxed as ordinary income. This taxation reflects the profits derived from the investment component of the life insurance policy. It's important for policyholders to understand that while the principal they contributed is not taxable, any amount received above that constitutes income and is subsequently taxed accordingly.

**10. What are "exemptions" in a life insurance policy?**

- A. Specific situations that allow for a payout**
- B. Specific situations that do not allow for a payout**
- C. Situations that lead to increased premiums**
- D. Situations considered as fraud**

Exemptions in a life insurance policy refer to specific situations or circumstances that would prevent a payout from the insurance company upon the death of the insured. These exemptions typically include scenarios such as death resulting from suicide within the first two years of the policy, deaths occurring while engaging in illegal activities, or specific health-related exclusions that were disclosed in the policy. Understanding these exemptions is crucial for policyholders to ensure they are aware of any limitations on their coverage. In a practical context, this means that while a policy may generally cover a wide range of causes of death, it is essential to read the terms to identify what is excluded. This knowledge allows individuals to make informed decisions about their insurance needs and potential risks.

# Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://galifeinsuranceagent.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**

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